Government of Saskatchewan

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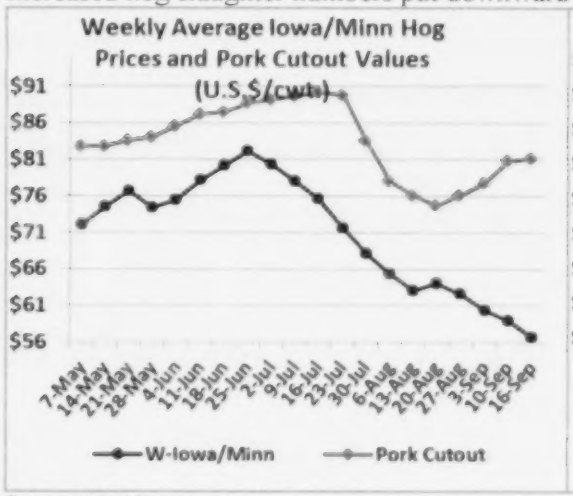
Weekly Hog Report

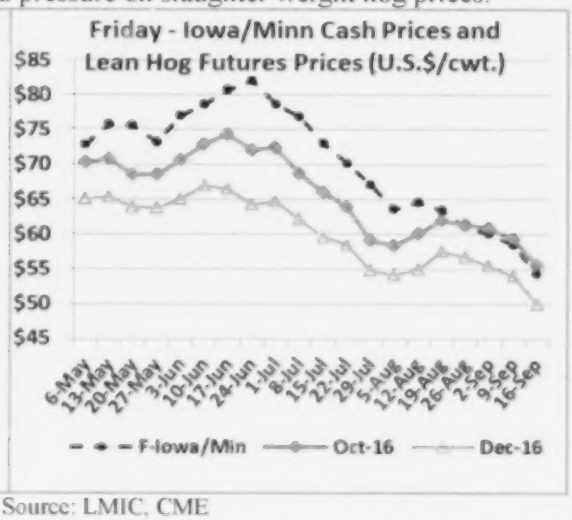
September 19, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) edged lower over the week to end the week lower, week-over-week. Hog prices on Friday September 16 averaged US$54.28 per cwt, down US$4.12 per cwt or 7.0 per cent from US$58.40 per cwt the previous Friday. The negotiated weekly base price last week averaged US$56.54 per cwt, down US$2.38 per cwt or 4.0 per cent from US$58.92 per cwt the previous week. Increased hog slaughter numbers put downward pressure on slaughter weight hog prices.



Source: LMIC



Source: LMIC, CME

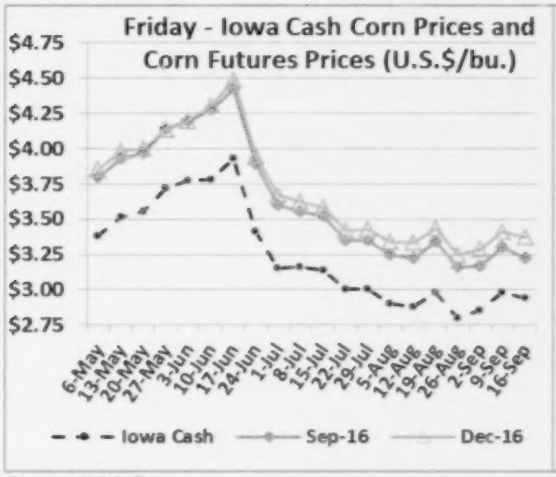
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday September 16, 2016 was $132.34 per ckg, down $7.83 per ckg or 5.6 per cent from $140.17 per ckg the previous Friday. Signature#3 weekly prices (Friday to Thursday) averaged $136.89 per ckg, down $3.33 or 2.4 per cent from the previous weeks' average price of $140.22 per ckg. The Canadian dollar was mixed last week but ended lower to close Friday at 75.68 cents, down 1.02 cents from 76.70 cents the previous Friday.

Futures Markets

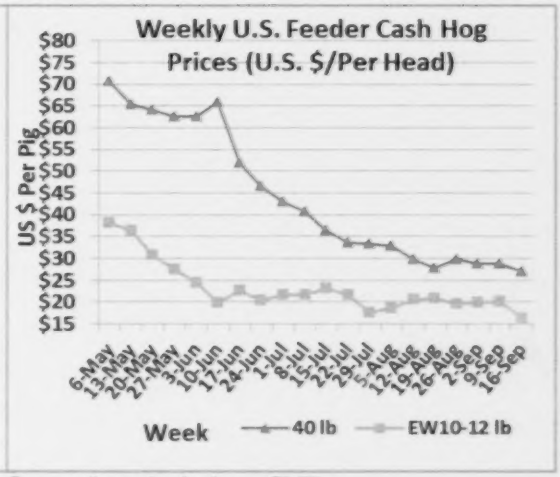
United States lean hog futures daily prices were mixed over the week with big losses on Tuesday to push prices lower, week-over-week. The nearby October contract declined US$3.750 per cwt to settle Friday at US$55.475 per cwt. The December contract declined US$3.975 per cwt to settle Friday at US$49.950 per cwt. While Iowa cash prices ended the week below the October futures prices they were over US$4 per cwt above the December futures price. Futures markets were lower over the week and continue to indicate weaker fall and winter prices ahead.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were lower last week. Weighted average cash prices for iso-weans (12lb) last week were US$16.30 per head, down US$3.77 per head from US$20.07 per head the previous week. Feeders (40lb) averaged US$27.02 per head, down US$1.69 per head from US$28.71 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. corn prices edged lower last week. Iowa cash corn prices declined four cents over the week to settle Friday at US$2.94 per bushel. Daily U.S. corn futures prices were mixed with big declines early in the week followed by a rebound on Friday reducing weekly losses, week-over-week. The September 2016 corn futures contract declined almost eight cents to expire Wednesday at US$3.22¼ per bushel, while the December 2016 corn contract declined four cents per bushel to settle Friday at US$3.37 per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending September 17 were estimated at 2.359 million head, up 13.2 per cent from 2.084 million head the previous shorter holiday week, and up 3.2 per cent from 2.084 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending September 17 averaged 2.243 million head per week, up 2.7 per cent from 2.185 million head the same period a year ago. Weekly hog slaughter numbers last week were the largest since January 2016.

In Canada, federal and provincial hog slaughter numbers for the shorter holiday week ending September 10, 2016 were estimated at 352,961 head, down 14.5 per cent from 412,698 head the previous week, and down 8.0 per cent from 383,589 head the same week a year ago. Canadian hog slaughter numbers over the last four weeks averaged 395,364 head, down 3.0 per cent from 407,589 head over the same period in 2015. Year-to-date for 2016 hogs slaughtered in Canada totaled 14,491,408 head, up 0.9 per cent from 14,362,144 head the same period in 2015. In Western Canada, hogs slaughtered year-to-date for 2016 totaled 5,987,283 head, up 0.7 per cent from 5,947,149 head over the same period in 2015.
(Source: Agriculture and Agri Food Canada/Canadian Food Inspection Agency)

Meat Production

U.S. pork production for the week ending September 17, 2016 was estimated at 488.7 million lb.; up 13.3 per cent from 431.2 million lb. the previous shorter holiday week, and up 1.9 per cent from 479.4 million lb. the same week a year ago. Pork production over the last four week's ending September 17 was estimated to average 464.8 million lb., up 1.7 per cent from 456.9 million lb. over the same four week period a year ago.

U.S. beef production for the week ending September 17 was estimated at 500.3 million lb.; up 14.6 per cent from 436.6 million lb. the previous shorter holiday week, and up 1.8 per cent from 491.4 million lb. the same week a year ago.

Combined production of U.S. beef, pork, chicken and turkey over the four weeks ending September 10, 2016, was estimated to average 2.051 billion lb., up 0.7 per cent from 2.038 billion lb. over the same four weeks a year ago. Year-to-date, total U.S. meat production for 2016 is estimated to be up 2.5 per cent compared to the same period in 2015.

United States Weekly Meat Production

(Sept. 10) Four Week Average - Million Lb.			Percent Change	
	2015	2016	4 Week	YTD 2016
Pork	453.6	461.3	1.7%	0.4%
Beef	453.1	486.9	7.5%	5.3%
Chicken	1,010.6	974.3	-3.6%	1.9%
Turkey	120.3	129.0	7.3%	4.7%
Total	**2,037.6**	**2,051.5**	**0.68%**	**2.46%**

Source: LMIC

Cutout Values

U.S. national pork cutout values for the week ending September 17, 2016 averaged US$81.01 per cwt, up slightly from US$80.82 per cwt the previous week, but down 3.0 per cent from US$83.53 per cwt from the same week a year ago. While cash slaughter weight hog prices have trended lower the last few weeks the National Pork cutout price has been steady, which is positive.

Choice beef cutout prices (600-900 lb.) for the week ending September 17, 2016 averaged US$186.48 per cwt over the week, down US$3.01 per cwt or 1.6 per cent from US$189.49 per cwt the previous week, and down 19.5 per cent from US$231.77 per cwt the same week a year ago. Beef cutout prices have come under pressure the last few weeks.

Average chicken cutout values (breast) for the week ending September 17, 2016 averaged US$134.30 per cwt, down US$6.47 per cwt or 4.6 per cent from US$140.77 per cwt the previous week, but still up 3.1 per cent from US$130.28 per cwt the same week a year ago. Chicken prices have been lower the last few weeks.

USDA World Agricultural Supply and Demand Estimates (WASDE)

On September 12, the USDA released the September World Agricultural Supply and Demand Estimates (WASDE). U.S corn yield for 2016/17 was reduced by 60 million bushels from the August estimates. Corn yield was reduced 0.7 bushels per acre from 175.1 bushels per acre in the August estimates to 174.4 bushels per acre in the September estimates. Total corn production is estimated to be 15.093 billion bushels. Domestic corn usage was estimated to decline by 25 million bushels while corn exports raised 25 million bushels. U.S. corn import estimates declined by 50 million bushels reducing ending stocks by 25 million bushels (1 per cent) to 2.384 billion bushels. U.S. corn price estimates were increased by five cents per bushel to range from US$2.90 to US$3.50 per bushel.

U.S. soybean production estimates for September were increased 141 million bushels or 3.5 per cent to 4.201 billion bushels; from the August estimates. Soybean yield was increased 1.7 bushels per acre to 50.6 bushels per acre in the September estimates. Ending soybean stocks were estimated to increase by 45 million bushels or 1.1 per cent to 4.061 billion bushels.

USDA September World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat & Poultry
	Quarter	Beef	Pork	Broiler	Turkey	
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	**Annual**	**23,698**	**24,501**	**40,048**	**5,627**	**94,630**
% Chg.	**2014-2015**	**-2.28%**	**7.26%**	**3.89%**	**-2.24%**	**2.67%**
2016	August	24,962	24,907	40,996	5,985	97,610
2016	**Sept. Proj.**	**24,942**	**24,892**	**40,902**	**6,060**	**97,552**
% Chg.	Aug-Sept/16	-0.08%	-0.06%	-0.23%	1.25%	**-0.06%**
% Chg.	**2015-2016**	**5.25%**	**1.60%**	**2.13%**	**7.70%**	**3.09%**
2017	**Sept. Proj.**	**25,800**	**25,510**	**42,005**	**6,135**	**100,241**
% Chg.	**2016-2017**	**3.44%**	**2.48%**	**2.70%**	**1.24%**	**2.76%**

Source: USDA September WASDE Report, September 12, 2016

The September USDA WASDE report revised the 2016 United States Red Meat and Poultry production slightly lower to 97.552 billion lb.; from the August estimates. United States meat production estimates for 2016 are 2.922 billion lb. or 3.1 per cent higher; compared to 2015. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+7.7%) and beef (+5.3%), followed by broilers (+2.1%) and pork (+1.6%). Pork production estimates for 2016 are estimated at 24.892 billion lb. in September, down slightly from August estimates but 1.6 per cent higher from 2015. U.S. Red Meat and Poultry production for 2017 is expected to further increase by an estimated 2.7 billion lb. or 2.8 per cent to 100.2 billion lb.; compared to current 2016 estimates. Beef production increases in 2017 (+3.4 per cent) are expected to lead the way followed by broilers (+2.7 per cent) and pork (+2.5 per cent). (Source: USDA WASDE)

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